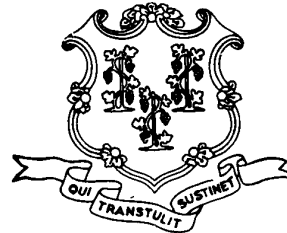


Department of Consumer Protection



Testimony of Jonathan A. Harris Commissioner-designee of Consumer Protection

Finance, Revenue and Bonding Committee
Public Hearing, March 9, 2015

Senate Bill 946, "An Act Concerning Revenue Items to Implement the
Governor's Budget"

Sen. Fonfara, Rep. Berger, Sen. Frantz, Rep. Davis and Honorable Members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony in support of Senate Bill 946, "An Act Concerning Revenue Items to Implement the Governor's Budget."

The Governor's bill contains many important provisions, but I will focus my testimony primarily on two subject matters of importance to DCP: first, sections 41 through 43 of the bill pertaining to proposed changes in the Liquor Control Act, and second, sections 37-40 and 44 which affect the Palliative Marijuana Administration Account.

As the Governor's designee to be Commissioner of the agency that oversees the Liquor Control Act, I'm pleased to discuss what these proposals do. And just as importantly, I'm prepared to discuss what these proposals ***do not*** do in contrast to rumors and misstatements that have circulated that could cause confusion and opposition where it need not exist. With that, let me begin discussing my reasons for supporting these modest, yet important changes to modernize some aspects of Connecticut's liquor laws.

Section 41 proposes to increase the maximum number of liquor permits that any individual or backer corporation may own from the current number of three to six. This proposal provides businesses with an opportunity to grow and reap the benefits of certain cost efficiencies from owning an increased number of stores. Importantly, and in contrast to the fears of some that this proposal would only benefit "big box" stores at the expense of "mom and pop" stores, my Department has researched this issue and come to a different conclusion. We note that under present law, there are numerous small to mid-size family owned package stores that currently have multiple permits. For those that currently have three, this proposal allows them to seek the possibility of even more growth. I'm pleased to support a proposal that allows and encourages the growth of small and mid-size businesses which this bill does.

Section 42 proposes a modest increase in the time that package stores, farm wineries, beer manufacturers and brew pubs may operate and offer their products for consumption. Briefly stated the proposal will allow these establishments to increase their hours by one hour, until 10pm from the current 9pm for every night except Sunday. The proposal for Sunday sales will allow these establishments to operate until 8pm from the current 5pm. It is important to note that this proposal is enabling only. It is not in the

proposal or the intent of the bill to mandate the increased hours of operation. If a package store or farm winery chooses to take advantage of some or all of this opportunity, the choice is theirs. This modest step to modernize our liquor laws still does not match the hours of our neighboring states, but does improve the competitive climate. It offers increased consumer options and additional business opportunities for those businesses that elect to avail themselves of this change.

Finally, the Governor's bill proposes an overdue and commonsense change in the definition of "cost" that will reflect what we all think "cost" actually means. Specifically, by replacing current language that cost to the retailer means "the posted bottle price from the wholesaler" with language re-defining cost as "the actual cost paid per bottle" by the retailer, the retailer can price his or her product with greater flexibility and to the potential benefit to Connecticut's consumers of alcoholic products. It is important to note that this proposal does not eliminate a minimum bottle price; rather this bill proposes to modernize language to take a small step in improving Connecticut's competitive posture with our neighboring states. Claims that this proposal will lead to an upheaval of the current retail environment are unjustified. The opportunity for commonsense modernization of our liquor laws that balance the needs of manufacturers, distributors, retailers and Connecticut consumers should be embraced, and not feared.

I encourage members of this committee as well as the public and all other interested parties to study what this bill actually proposes, rather than to be swayed by unfounded claims. I believe doing so can lead us to work together to enact these modest, yet important changes to Connecticut's liquor laws.

I would now like to briefly address the proposed changes contained in sections 37-40 and 44 of the bill, pertaining to the Palliative Marijuana Administration Account which is administered by my agency. The Governor's proposal is to transfer the cost of regulating the medical marijuana industry to the general fund, as opposed to having DCP manage a separate fund to pay for its oversight of the industry and program. We have evaluated this proposal and are confident that we can shift existing resources or use other general fund vacancies to fulfill our mission of effectively regulating this young and growing industry. As such, we stand in support of the Governor's proposal.

Thank you again for this opportunity to share my thoughts with you. I am happy to take your questions and listen to your comments as we move forward this session.

Please feel free to contact me or DCP's Legislative Program Manager, Gary Berner if you have any questions or comments.